

Amending Title 16, Chapter 419 of the Minneapolis Code of Ordinances relating to Planning and Development: Neighborhood Revitalization Program.

The City Council of The City of Minneapolis do ordain as follows:

Section 1. That Section 419.20(a) of the above-entitled ordinance be amended by adding thereto the following definitions in alphabetical sequence to read as follows:

419.20. Definitions and general guidelines. (a) In this chapter, unless a different meaning clearly appears from the context:

Agency means the Minneapolis Community Development Agency, its successors or assigns.

Discretionary development funding plan means that certain resolution adopted by the city council on _____, 2003, providing funding for discretionary development activities from 2004 through 2009.

Neighborhood action plan means the plan developed with the participation of neighborhood residents under subdivision 6 of the neighborhood revitalization program law.

Phase I means the first phase of the neighborhood revitalization program (1990-2000), funded by the Phase I funds.

Phase I funds means the city neighborhood revitalization program funds reserved from 1990 through 2000.

Phase II means the second phase of the neighborhood revitalization program (2001-2009), funded by the Phase II funds.

Phase II funds means twenty million dollars (\$20,000,000.00) in 2001, eleven million dollars (\$11,000,000.00) in 2002 and, for 2003 through 2009, the funds required to be reserved for neighborhood revitalization under chapter 604, subject to the priorities stated in section 419.35.

Sources of securities and repayment shall have the meaning set forth in the discretionary development funding plan.

Tax increment act means Minnesota Statutes, Sections 469.174-469.1799, as amended, which establishes the powers relating to use of tax increment.

Section 2. That a new Section 419.35 be added to the above-entitled ordinance to read as follows:

419.35. Common project priorities for phase II. (a) Tax increment and other revenues generated from the common project, but excluding the sources of security and repayment, shall, for purposes of phase II, be applied in accordance with the following priorities in order given.

- (1) Payment or reservation for payment of any debt obligations, contractual obligations or other obligations incurred by the agency or the city from time to time with respect to the common project;
- (2) Payment of tax increment administration costs related to the common project as permitted pursuant to the tax increment act;
- (3) Reservation of phase II funds pursuant to this chapter, except that no more than \$20,000,000 shall be reserved for neighborhood revitalization in any fiscal year; and
- (4) General development purposes, as permitted by law.

(b) The sources of security and repayment shall be applied in accordance with the discretionary development funding plan.

(c) The revenues identified in that certain target center finance plan adopted by the city council on _____, 2003, including revenues not generated by the common project, shall be applied to offset target center obligations.

Section 3. That Section 419.40 of the above-entitled ordinance be amended to read as follows:

419.40. Commitment of city neighborhood revitalization program funds.

(a) Phase I. In furtherance of the goals stated in section 419.30 (a), the city hereby commits to provide the ~~city neighborhood revitalization program phase I~~ funds, commencing in 1990 through and including 2000, for phase 1 of the neighborhood revitalization program.

(b) Phase II. In furtherance of the goals stated in section 419.30(b), and subject to the priorities established by section 419.35, the city hereby commits to reserve the phase II funds for phase II neighborhood action plans, commencing in 2001 through and including 2009, to the extent that such funds are available pursuant to section 419.35. The difference, if any, between the total phase II funds reserved in any fiscal year and the \$20 million cap shall not be carried forward to any subsequent fiscal year.

Section 4. That a new Section 419.55 be added to the above-entitled ordinance to read as follows:

419.55. Phase II neighborhood revitalization program process. The provisions of section 419.50 shall apply only to phase I of the neighborhood revitalization program. The following provisions apply to phase II of the neighborhood revitalization program.

(a) *Purposes; qualifying costs.* Neighborhood action plans may provide for expenditure of phase II funds for the following purposes:

- (1) to eliminate blighting influences by acquiring and clearing or rehabilitating properties that the city finds have caused or will cause a decline in the value of properties in the area or will increase the probability that properties in the area will be allowed to physically deteriorate;
- (2) to assist in the development of industrial properties that provide employment opportunities paying a livable income to the residents of the neighborhood and that will not adversely affect the overall character of the neighborhood;
- (3) to acquire, develop, construct, physically maintain, rehabilitate, renovate, or replace neighborhood commercial and retail facilities necessary to maintain neighborhood vitality;
- (4) to eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, if the responsible party is unavailable or unable to pay for the cost;
- (5) to rehabilitate existing housing and encourage homeownership;
- (6) to construct new housing, where appropriate;
- (7) to rehabilitate and construct new low-income, affordable rental housing;
- (8) to remove vacant and boarded up houses;
- (9) to rehabilitate or construct community-based nonprofit and public facilities necessary to carry out the purpose of the neighborhood revitalization program; and
- (10) to leverage existing city programs and funds to accomplish city housing and development objectives in the neighborhoods which carry out the purposes of the neighborhood revitalization program.

(b) *Phase II funds; distribution and restrictions.*

- (1) Phase II funds may only be expended in accordance with the neighborhood revitalization program for a purpose listed in section 419.55(a).
- (2) Phase II funds may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where phase II funds are being used to remove or rehabilitate structurally substandard or obsolete buildings.

- (3) Except as provided in the neighborhood revitalization law, revenues derived from tax increments may only be expended for the purposes otherwise permitted by law.
- (4) A minimum of 52.5 percent of the phase II funds must be expended on housing programs and related purposes. Compliance with this provision shall be measured annually. The phase II target for housing programs and related purposes shall be adjusted to accommodate for any shortfall in expenditures in phase I such that the total expended in phase I and phase II for housing programs and related purposes shall be no less than 52.5 percent.

(c) *General principles.* Phase II of the neighborhood revitalization program must be developed based on the following general principles:

- (1) the social needs of neighborhood residents, particularly lower income residents, must be addressed to provide a safe and healthy environment for neighborhood residents, provide for the self-sufficiency of families, and increase the economic and social stability of neighborhoods;
- (2) the children residing in the neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually wherever possible; and
- (3) the physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.

(d) *Required program elements.* Phase II of the neighborhood revitalization program must include the following:

- (1) the identification of the neighborhoods that require assistance through the program;
- (2) a strategy of the citizen participation required under this chapter;
- (3) the neighborhood action plans required under this chapter;
- (4) the activities of participating organizations undertaken to address the general principles; and
- (5) an evaluation of the success of the neighborhood action plans.

(e) *Neighborhood action plans.* Phase II of the neighborhood revitalization program must include the preparation and implementation of neighborhood action plans. The city must organize neighborhoods to prepare and implement the neighborhood action plans. The neighborhoods must include the participation of, whenever possible, all populations and interests in each neighborhood

including renters, homeowners, people of color, business owners, representatives of neighborhood institutions, youth, and the elderly. Each neighborhood action plan must be submitted to the policy board established under this chapter and the neighborhood revitalization program law. The city will provide available resources, information, and technical assistance to prepare the neighborhood action plans.

(f) *Approval.* The policy board shall review, modify where appropriate, and approve, in whole or in part, the neighborhood action plans and forward its recommendations for final action to the governing bodies represented on the policy board. The city council shall review, modify where appropriate, and give final approval, in whole or in part, to those actions over which it has programmatic jurisdiction.

Section 5. That Section 419.70 of the above-entitled ordinance be amended to read as follows:

419.70. Program recommendations. (a) The mayor and the city council will use the following criteria in considering neighborhood action plan strategies for use of ~~city neighborhood revitalization program~~ phase I funds and phase II funds:

- (1) Demonstrated public purpose of the strategies.
- (2) Demonstrated need for the strategies.
- (3) Short-term or long-term needs of the neighborhood.
- (4) Benefiting population.
- (5) Ability of the strategies to provide a return on the investment.
- (6) Coordination with programming elements or providers.
- (7) Availability of operating or maintenance funds.
- (8) Lack of alternative sources of revenue.
- (9) One-time or ongoing capital requirement.
- (10) Multijurisdictional benefits of the strategies.
- (11) Neighborhood revitalization benefits of the strategies.
- (12) Demonstrated ability of the neighborhood revitalization program as a whole to meet the 52.5 percent funding requirement for housing programs and related purposes.

(b) Concurrent with approval of each neighborhood action plan, the city council will ~~appropriate-reserve city neighborhood revitalization program~~ phase I or phase II funds of the

~~Minneapolis Community Development Agency~~, as appropriate, for appropriation and expenditure consistent with such action plan.

(c) With respect to phase I only, bBecause of the acknowledged substantial unmet need and severe lack of resources available for disadvantaged youth in the City of Minneapolis, beginning in 1990, the city council, at the request of the policy board, shall appropriate two hundred thousand dollars (\$200,000.00) of the city neighborhood revitalization program funds each year to the multi-jurisdictional youth coordinating board from non-tax increment sources.

(d) With respect to phase I only, tThe amounts made available during the first phase of the neighborhood revitalization program to Special School District No. 1 and to Hennepin County for education programs and services and for social services, respectively, must be expended as part of an approved neighborhood action plan, as required by subdivision 4 of the neighborhood revitalization program law. The boards of Special School District No. 1 and Hennepin County shall each approve appropriations from the funds available to them from the neighborhood revitalization program and shall forward proposed strategies to the policy board for approval.